

*First Maritime Mining
Corporation Limited*

(No Personal Liability)

Annual Report

For the Year Ended **1974**
December 31,



ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders
will be held on Wednesday, June 11th, 1975
at 3:00 o'clock in the afternoon
(Saint John time)
in the Golden Ball Building,
Saint John, New Brunswick.

First Maritime Mining Corporation Limited

(No Personal Liability)

Incorporated under the laws of New Brunswick on December 30, 1955

DIRECTORS

R. J. ISAACS Islington, Ontario
A. G. KIRKLAND Saint John, New Brunswick
D. A. MACFARLANE Saint John, New Brunswick
DR. A. L. McALLISTER Fredericton, New Brunswick
L. McC. RITCHIE Saint John, New Brunswick

OFFICERS

L. McC. RITCHIE *President*
A. G. KIRKLAND *Vice-President*
D. A. MACFARLANE *Secretary and Treasurer*
MRS. M. JONES *Asst. Secretary*

HEAD OFFICE

GOLDEN BALL BUILDING Saint John, New Brunswick

MINE OFFICE

GULLBRIDGE MINES Gullbridge, Newfoundland

AUDITORS

COOPERS & LYBRAND Saint John, New Brunswick

TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario

First Maritime Mining Corporation Limited

(No Personal Liability)

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to enclose herewith the consolidated financial statements of your Company for the year ended December 31, 1974 together with the report of the auditors thereon.

As previously reported, the Company's mining plant at Gullbridge, Newfoundland has been maintained intact and under continuous supervision. In addition, the dock at Wolfe's Cove has been retained as an asset of your Company at an annual cost of approximately \$34,000.

An amount of \$25,112 was spent during 1974 on the Gullbridge mining property. This included further geological exploration although, due to difficulty in obtaining qualified personnel, the work scheduled on the property was not able to be completed. A further program of geological mapping and survey work is scheduled for 1975.

During 1974, 167,000 shares of Brunswick Mining and Smelting Corporation Limited were sold at \$4.80 each to realize \$801,600. From this amount, \$500,000 was utilized to repay a portion of the Company's outstanding debentures, reducing their par value from \$2,500,000 to \$2,000,000. The balance of the proceeds was used to improve the Company's working capital. This sale reduced your Company's holdings in Brunswick Mining to 1,766,353 shares having a cost of \$5,154,530. During the fourth quarter of 1974, a dividend of 10c per share, amounting to \$176,635 was received. Earnings of Brunswick Mining for 1974 amounted to \$17,090,000 (49.9c per share) as compared with earnings of \$9,859,000 (28.8c per share) in the preceding year. While no dividend has been paid in the first quarter of 1975, your Directors are hopeful that some dividend payment will be declared by Brunswick Mining later this year.

There has been no change in the Board of Directors for the current year and all of the Directors are standing for re-election.

On behalf of the Board.

L. McC. RITCHIE,

President.

Saint John, N.B.
April 29, 1975

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS
801 BRUNSWICK HOUSE
SAINT JOHN, N. B., CANADA

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of First Maritime Mining Corporation Limited (No personal liability) and subsidiaries as at December 31, 1974 and the consolidated statements of earnings and deficit and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Subject to the fact that, as stated in note 2, fixed assets of Gullbridge Mines Limited are carried at amounts which may be in excess of realizable values, in our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with the generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND,

Chartered Accountants.

February 9, 1975

First Maritime Corporation Ltd.

(No Particulars)

CONSOLIDATED BALANCE SHEET

ASSETS

| | 1974 \$ | 1973 \$ |
|--|------------------|------------------|
| Current Assets | | |
| Cash and short-term deposits | 182,675 | 20,687 |
| Accounts receivable | 3,182 | 4,514 |
| Prepaid expenses | 2,157 | 2,188 |
| | <u>188,014</u> | <u>27,389</u> |
| Investments | | |
| Shares in Brunswick Mining and Smelting Corporation Limited - at cost (note 3) 1,766,353 shares - quoted value \$6,448,000 (1973 - 1,933,353 shares - quoted value \$9,086,000) | 5,154,530 | 5,641,837 |
| | <u>5,154,530</u> | <u>5,641,837</u> |
| Fixed Assets (notes 2 and 3) | | |
| Land, mining grants and mining licenses - at cost less amortization | 2 | 2 |
| Buildings, equipment and surface structures | 1,738,218 | 1,908,742 |
| | <u>1,738,220</u> | <u>1,908,744</u> |
| Deferred Expenditures | | |
| Materials and supplies - at estimated realizable value | 167,488 | 169,237 |
| | <u>167,488</u> | <u>169,237</u> |
| | <u>7,248,252</u> | <u>7,747,207</u> |

Signed on behalf of the Board:

L. McC. RITCHIE, Director.

D. A. MACFARLANE, Director.

ited and Subsidiary Companies

(Liability)

T — AS AT DECEMBER 31, 1974

LIABILITIES

| | 1974 \$ | 1973 \$ |
|--|------------------|------------------|
| Current Liabilities | | |
| Bank advances | — | 20,766 |
| Accounts payable and accrued liabilities | 37,891 | 51,230 |
| Current portion of long-term debt | 2,000,000 | 2,500,000 |
| | <u>2,037,891</u> | <u>2,571,996</u> |
| Long-Term Debt (note 3) | | |
| 11½% convertible debentures due December 31, 1975 - secured .. | 2,000,000 | 2,500,000 |
| Less: Current portion | 2,000,000 | 2,500,000 |
| | <u>—</u> | <u>—</u> |

SHAREHOLDERS' EQUITY

| | | |
|-----------------------------------|------------------|------------------|
| Capital Stock (note 3) | | |
| Authorized — | | |
| 7,000,000 shares of \$1 par value | | |
| Issued and fully paid — | | |
| 5,371,280 shares | 5,371,280 | 5,371,280 |
| Contributed Surplus | 8,766,794 | 8,766,794 |
| Deficit | (8,927,713) | (8,962,863) |
| | <u>5,210,361</u> | <u>5,175,211</u> |
| | <u>7,248,252</u> | <u>7,747,207</u> |

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

For the year ended December 31, 1974

| | 1974 \$ | 1973 \$ |
|--|------------------|----------------------|
| Income | | |
| Dividends | 176,635 | — |
| Interest | 2,058 | 9,227 |
| | <u>178,693</u> ✓ | <u>9,227</u> ✓ |
| Expenses | | |
| Mine costs | 45,507 | 26,731 |
| Wharf (note 4) | 29,750 | 29,750 |
| Administration costs | 26,553 | 41,052 |
| Interest on debentures | 238,606 | 215,625 |
| Exploration | 25,112 | 807 |
| | <u>365,528</u> | <u>313,965</u> |
| Loss before the following | (186,835) | (304,738) |
| Loss on disposal of fixed assets | 88,924 | — |
| | <u>275,759</u> | <u>304,738</u> |
| Profit on disposal of fixed assets | — | 3,700 |
| Profit on sale of investments | 310,909 | — |
| Net Earnings (Loss) for the year | <u>35,150</u> ✓ | <u>(301,038)</u> ✓ |
| Deficit — Beginning of year | 8,962,863 | 8,661,825 |
| Deficit — End of year | <u>8,927,713</u> | <u>8,962,863</u> |

NOTE: The company is not presently conducting mining operations and earnings per share is not considered meaningful.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

For the year ended December 31, 1974

| | 1974 \$ | 1973 \$ |
|--|---------------------------|---------------------------|
| Source of Working Capital | | |
| Sale of fixed assets | 81,600 | 4,020 |
| Decrease in other assets | 1,749 | 3,785 |
| Sale of investments | 798,216 | — |
| | <u>881,565</u> | <u>7,805</u> |
| Use of Working Capital | | |
| In operations | <u>186,835</u> | <u>304,738</u> |
| Change in Working Capital Position | 694,730 | (296,933) |
| Working Capital (Deficiency) — Beginning of Year | <u>(2,544,607)</u> | <u>(2,247,674)</u> |
| Working Capital (Deficiency) — End of Year | <u><u>(1,849,877)</u></u> | <u><u>(2,544,607)</u></u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 1974

1. Basis of Consolidation

The consolidated financial statements include the accounts of Gullbridge Mines Limited and Little Bay Power Corporation Limited.

Little Bay Power Corporation Limited did not operate during the year.

2. Fixed Assets

(a) Gullbridge Mines Limited closed its mine on December 5, 1971. At this time it is not practical to estimate the realizable value of fixed assets of Gullbridge having a book value of \$1,738,218.

(b) Buildings, equipment and surface structures are comprised of:

| | 1974 \$ | 1973 \$ |
|--|------------------|------------------|
| Gullbridge Mines Limited at | | |
| Great Gull Lake and Wolf Cove — | | |
| Buildings, equipment and other surface | | |
| installations - at cost | 5,115,509 | 5,186,724 |
| Accumulated depreciation | 3,377,291 | 3,401,291 |
| | <u>1,738,218</u> | <u>1,785,433</u> |
| First Maritime Mining Corporation Limited | | |
| at Tilt Cove — | | |
| Power plant, at estimated realizable value | — | 123,309 |
| | <u>1,738,218</u> | <u>1,908,742</u> |

(c) In 1972 Gullbridge Mines Limited wrote off fixed assets with a cost of \$1,145,969 and a net book value of \$435,287. These represent dams and surface equipment at the site of the closed mine.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Long-Term Debt and Capital Stock

(a) Convertible debentures —

1. The \$2,000,000 11½% convertible debentures are secured by a floating charge on the company's assets and by a first mortgage on the mining property and/or mining interest of the company's wholly-owned subsidiary, Gullbridge Mines Limited.
2. By agreement between the company and the debenture holders, the due date of the debentures was extended from April 30, 1974 to December 31, 1975 and the interest rate was changed to 11½%. The conversion privilege of the debt was changed to the basis of one share for each \$.95 principal amount of debentures equivalent to 2,105,263 shares. Should the holders of the debentures request a full conversion of their securities into common shares, the company would be required to increase its authorized capital by approximately 500,000 shares.
3. Under the terms of the above agreement the company's shareholding in Brunswick Mining and Smelting Corporation Limited may be sold, mortgaged or otherwise disposed of only if written consent of not less than 80% of the debenture holders is obtained.

(b) Outstanding agreement —

Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by the company.

4. Expenses — Wharf

This is the annual instalment payment of \$29,750, blended principal and interest, on the cost of construction of the wharf at Wolf Cove, Newfoundland incurred by the Government of Canada on behalf of Gullbridge Mines Limited.

The balance of cost unpaid at December 31, 1974 amounted to \$203,458 which is payable in similar annual instalments until March 1, 1983. Title of the wharf will pass to Gullbridge Mines Limited on payment in full.

5. Remuneration of Directors and Senior Officers

Total remuneration paid or payable to directors and senior officers (including the five highest paid employees as defined in the Securities Act, 1966 Ontario) for 1974 amounted to \$1,350.

